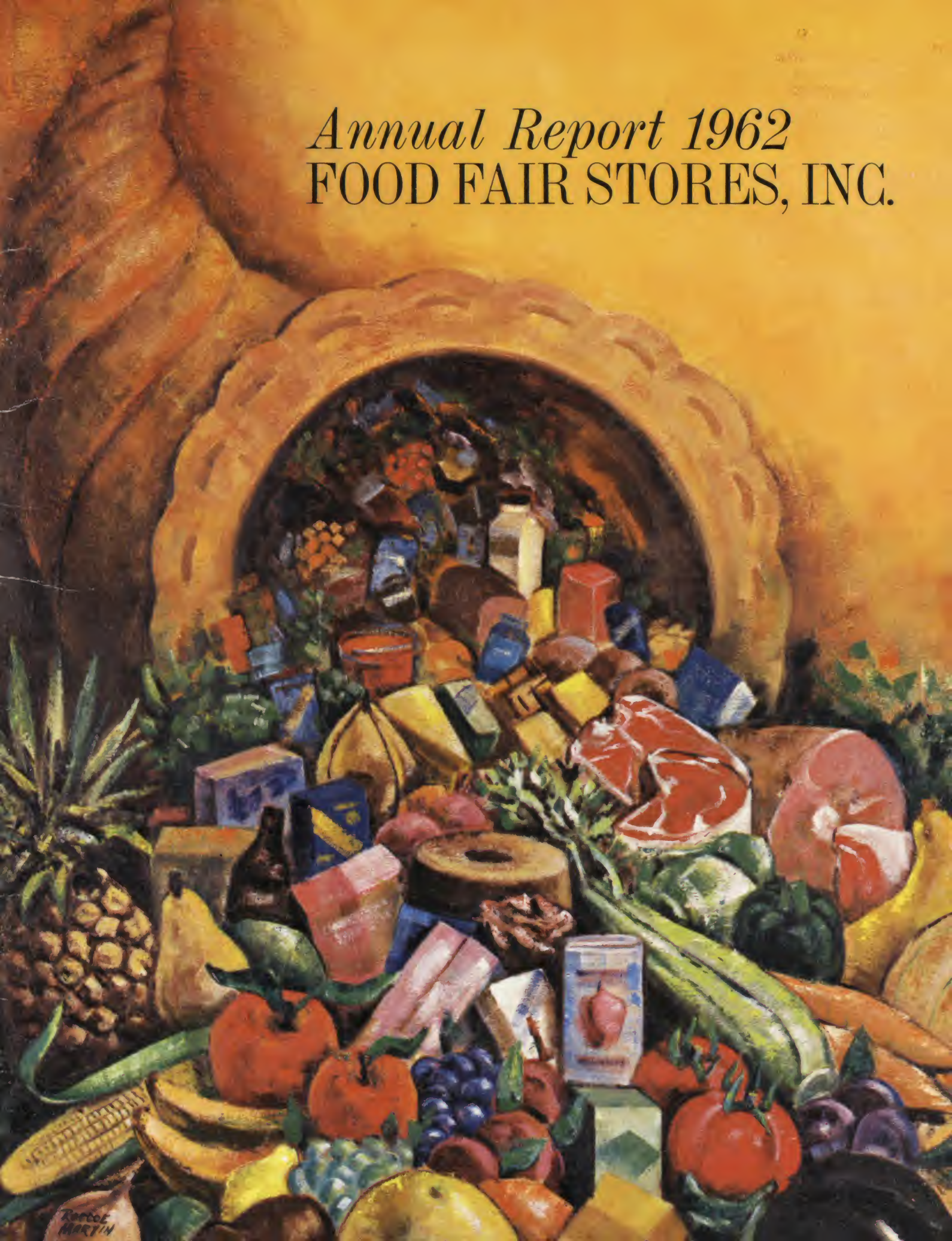


*Annual Report 1962*  
FOOD FAIR STORES, INC.





*Annual Report - 1962*

**FOOD FAIR STORES, Inc.**

*For the fiscal year ended April 28, 1962*



***The Year in Brief***

	FISCAL YEAR (52 Weeks)	
	1962	1961
Sales .....	<b>\$923,224,116</b>	\$840,180,062
Net Income .....	<b>\$ 11,055,521</b>	\$ 11,865,412
Net Income per dollar of sales .....	<b>1.20%</b>	1.41%
Net Income per share of common stock .....	<b>\$1.57</b>	\$1.72*
Dividends Paid in Cash:		
Preferred Stock .....	<b>\$ 218,148</b>	\$ 218,510
Common Stock .....	<b>\$ 6,061,238</b>	\$ 5,428,364
Earnings retained in the business .....	<b>\$ 4,776,135</b>	\$ 6,218,538
Current assets .....	<b>\$104,216,189</b>	\$ 91,707,747
Current liabilities .....	<b>\$ 50,725,630</b>	\$ 38,723,849
Working capital .....	<b>\$ 53,490,559</b>	\$ 52,983,898
Number of supermarkets .....	<b>465</b>	437
Number of discount department stores .....	<b>39</b>	—

*\* Adjusted for 5-for-4 stock distribution*



Samuel Friedland



Louis Stein

## ***To Food Fair Shareholders:***

The 1961-62 fiscal year was one of unprecedented growth and diversification for Food Fair Stores, Inc. Forty-four new supermarkets were added to the chain, more than in any previous year, bringing the total in operation at year-end to 465. A major diversification step was undertaken with the acquisition of the Enterprise-J. M. Fields chain of 33 general merchandise discount department stores. Six new Fields units were opened following the acquisition. In keeping with Food Fair's expansion needs, a new distribution center, one of the largest and most efficient facilities of its type, was placed in operation in Philadelphia.

Sales once again rose to new record levels. Volume for the fiscal year ended April 28, 1962, increased to \$923,224,000, a rise of 9.9 percent over the \$840,180,000 previous record volume established the preceding year. It is gratifying to reflect that in each of the twenty-nine years since the opening of its first supermarket in 1933, your Company has established a new record in sales.

The extraordinary expenses involved in Food Fair's unparalleled expansion and diversification program had their effect upon earnings for the year. Net income, after all charges and taxes, amounted to \$11,055,000 in the fiscal year just ended, compared to net income of \$11,865,000 the preceding year. There is every reason to believe that future earnings will clearly reflect the advantages of our ambitious fiscal 1962 expansion.

The attainment of our immediate goal of a billion dollar annual sales rate during the current year is implicit in our continuing expansion program. We expect to open about 45 new food supermarkets before the end of next April. In addition, we anticipate opening approximately 15 new J. M. Fields discount department stores to add to the 39 now in operation.

Your management recognizes that the achievement of our sales goal is one important aspect of a broader undertaking by Food Fair; and that is—greater participation in general merchandise retailing while advancing our food supermarket business. By expanding our supermarket operation, and by extending its principles to the distribution of general merchandise and services, the Company will enhance its share of the great potential in retailing. The efforts of the Food Fair team of 28,200 men and women are directed toward realization of this potential through still greater efficiency in mass distribution, to deliver to consumers maximum value at minimum cost.

The directors and officers of the Company take this occasion to express their appreciation of the fine efforts put forth by the men and women of the organization in a year marked by intense competition and vigorous activity. We are confident that their skill and devotion will lead Food Fair to new heights in the years ahead.

Sincerely,

August 3, 1962

A handwritten signature in cursive script that reads "Samuel Friedland".

Chairman of the Board

A handwritten signature in cursive script that reads "Louis Stein".

President



Food Fair's record year of expansion came during a period when the retail food industry contributed in a significant way to the arresting of inflation and the raising of the food standard of living to the highest levels in history. This is evidenced from a close examination of the Bureau of Labor Statistics index of the purchasing power of the dollar during the second half of your Company's fiscal year. It shows that declining retail food prices offset increases in other components of the cost of living.

The relatively lower cost of food in recent months is evidence that the food distribution industry is giving the American consumer ever greater values at lower cost. The supermarket concept has been the major vehicle for achieving this "miracle of mass distribution."

## ***Sales***

With food prices declining during the peak sales months of the fall and winter, Food Fair had to sell more such merchandise in order to realize the same dollar volume. The Company not only accomplished this but bettered its previous record dollar volume of the year before. Gross sales amounted to \$923,224,116, which is 9.9 percent in excess of the \$840,180,062 reported for the fifty-two weeks ended April 29, 1961.

This report includes operating results of the J. M. Fields general merchandise division since August 28, 1961.

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## ***Earnings***

After all charges, but before federal and state taxes on income, Food Fair earned \$21,484,374 in the latest fiscal year. After-tax net income amounted to \$11,055,521, or \$1.57 a share on the 6,922,686 average number of common shares outstanding during the year, after preferred dividend requirements. A year earlier, pre-tax net income was \$23,164,952 and net income was \$11,865,412. This was equal, after preferred dividends, to \$1.72 a share, based on the average number of common shares then outstanding, adjusted for the five-for-four stock split in August, 1961.

Increased expenses incident to Food Fair's biggest expansion and diversification year were a major factor affecting earnings. First, there were the extraordinary expenses involved in the opening of 44 new food supermarkets during the year. This was the largest store opening program in the Company's history. Entirely apart from this, large-scale entry into the general merchandise retailing field through the acquisition of Enterprise-J. M. Fields Inc. occasioned substantial consolidation costs. The opening of six new J. M. Fields discount department stores in the eight months following the acquisition, representing a 20 percent increase of the chain, added to the cost of expansion. In addition, lower food prices prevalent during the latter half of the fiscal year required greater tonnage handling for the same dollar volume, which resulted in higher costs.

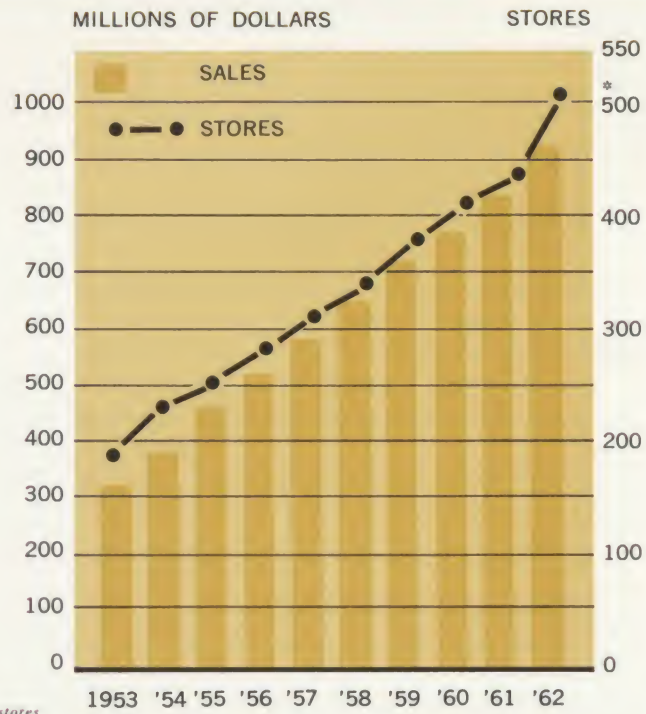
## ***Dividends***

Last year's rapid growth, like that in past years, was facilitated by a conservative dividend policy which retains a significant portion of net earnings to provide necessary capital for expansion. Rising earning power over the years has been accompanied by consistent increases in total dividends. Once again in 1962, and despite the costs of the record expansion program, the dividends paid rose to an all-time record high. Total dividends paid on both preferred and common stocks during the year amounted to \$6,279,386, compared with \$5,646,874 disbursed the preceding year. The \$4,776,135 remaining from net income after payment of dividends was re-invested in the business.

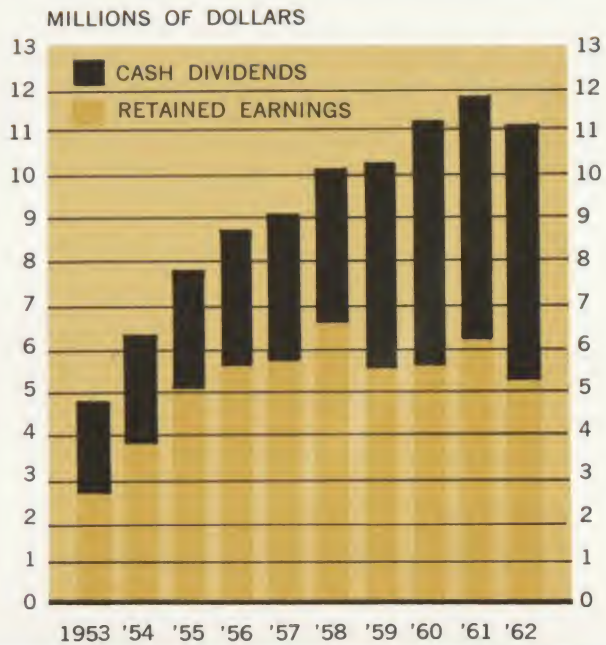
Regular quarterly dividends of \$1.05 a share were paid on the \$4.20 cumulative preferred stock. Beginning October 1, quarterly payments of 22½ cents

## ***Sales and Number of Stores***

Supermarkets  
and Discount  
Department Stores



## ***Distribution of Net Earnings***





## ***Review of Operations***

a share were made on the common stock, representing an increase of 12 $\frac{1}{2}$  percent over the 25 cent quarterly rate paid prior to the five-for-four stock split which became effective August 14, 1961. Over the past 10 years, the dividend rate on the common stock has been increased more than three-fold; that is, for every \$1 in cash dividends received in 1952, the common shareholder is now receiving \$3.18.

### ***Financial Condition***

Food Fair's consistently strong financial condition has generally enabled the Company to complete ambitious expansion programs without recourse to equity financing. This was again true in fiscal 1961-62, despite the record proportions of its supermarket expansion program and the costs involved in the acquisition and integration of Enterprise-J. M. Fields. Notwithstanding these heavy demands, working capital during the year increased to \$53,490,559, from \$52,983,898 the year before. The current ratio at year-end was 2.05 to 1. Net fixed assets rose during the year to \$78,683,530 from \$68,793,184, reflecting largely the J. M. Fields acquisition and the addition of the record number of new supermarkets.

### ***Capitalization***

The five-for-four stock split effected in August, 1961, was the primary factor in the rise in the number of shares of Food Fair common stock outstanding at April 28, 1962, which increased to 7,002,913 from 5,477,974 a year earlier. Other factors contributing to the increase were the exercise of options covering 123,203 shares, and the issuance of 27,000 shares in connection with the Enterprise-J. M. Fields Inc. acquisition. Subject to certain conditions, this transaction will involve the issuance of approximately 23,500 additional shares during each of the years 1963 and 1964.

### ***Expansion Program***

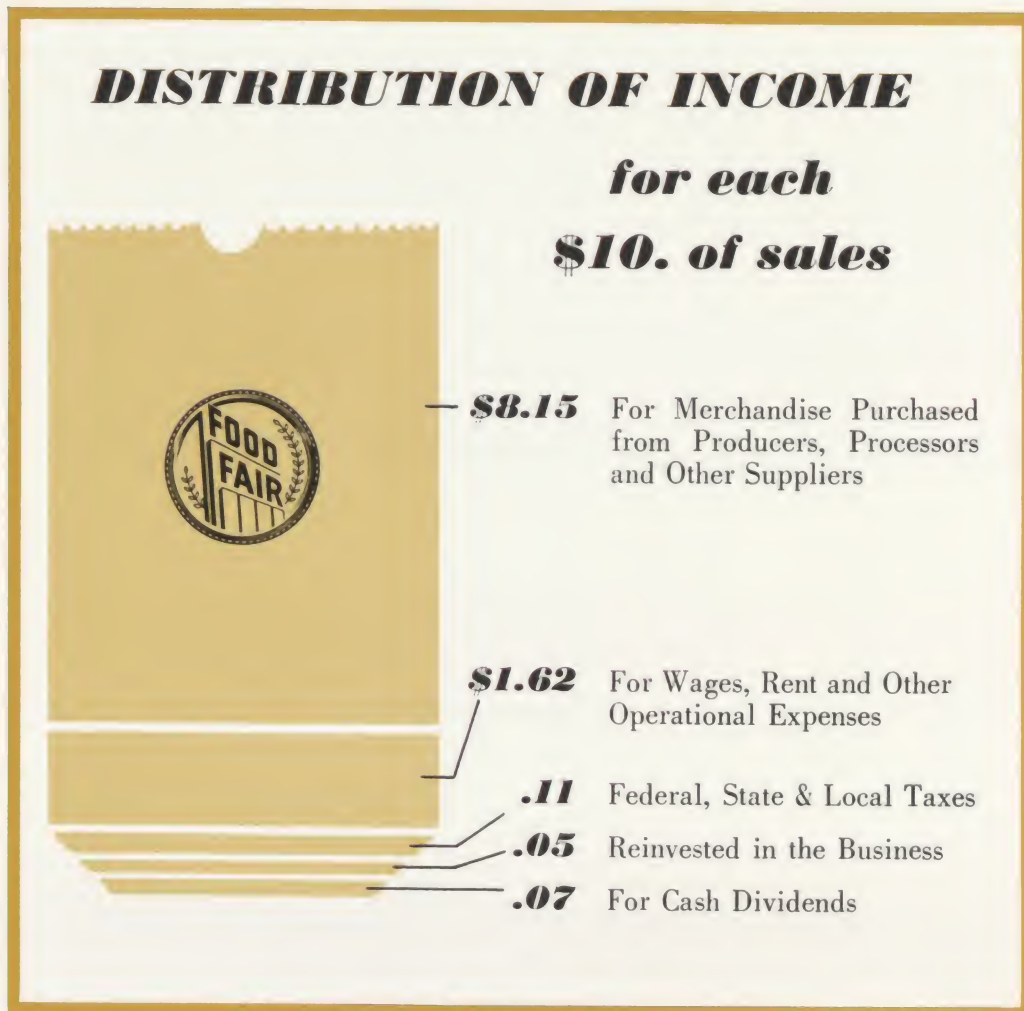
The opening of 44 new supermarkets during fiscal 1961-62 highlighted a record year of growth. Sixteen outmoded stores were closed and Food Fair ended the fiscal year with 465 supermarkets in operation. In keeping with its expanding operations in the middle Atlantic states, the Company completed and opened its



new 800,000 square foot food distribution center in Philadelphia. This center, encompassing 19 acres under a single roof and large enough to accommodate 20 football fields, is a consolidation of three formerly separate facilities.

Continued growth was evident in our chain of FF gas stations located on selected supermarket parking lots. At the close of fiscal 1961-62, 37 stations were in operation, 12 more than a year earlier. Three more have since been opened and another 15 are under construction or in various planning stages.

In March, 1961, Food Fair was named by the court-appointed receiver to assist in the management of Fox Markets, Inc., a Los Angeles-based chain of supermarkets then seeking an adjustment of its debts under Chapter XI of the Bankruptcy Act. A plan of adjustment submitted by Fox Markets, Inc. with the cooperation of Food Fair was accepted by a committee of Fox Markets creditors. Fox Markets, Inc. subsequently filed a petition for reorganization under Chapter X of the Bankruptcy Act. Until the terms of the plan to be filed by the Chapter X trustee are announced, Food Fair cannot determine whether it will be interested in partici-





## ***Review of Operations***

pating in such plan. The Company has continued to provide management services, first to the court-appointed receiver, and now to the trustee, so that Fox Markets can continue in operation.

### ***General Merchandise Retailing***

In August, 1961, your Company acquired the Enterprise-J. M. Fields chain of 33 discount department stores, all but six of them large self-service units. The acquisition provided a means of rapid entry into the general merchandise discount retailing field with a going chain and experienced personnel. An expansion program has already added six new discount department stores to the chain, while another seven are under construction. Nine more units are in advanced planning stages. These new units range in size from 60,000 to 100,000 square feet of space, exclusive of food departments which may add another 25,000 square feet. All departments within these stores are operated by the Company, with the exception of a few specialty services.

Food Fair's entry into the field of discount department store retailing is a logical move to extend our Company's wealth of experience in mass distribution techniques to the development of general merchandise retailing. This is being achieved on a basis which insures stability and sound financial stature.

### ***Food Fair Properties, Inc.***

Food Fair Stores' shopping center affiliate continues to move forward. Six new shopping centers scheduled for opening in 1962 will increase total rentable space to approximately 5,000,000 square feet, which is 25 percent more than was available at the close of 1961. In addition, Food Fair Properties is undertaking to move into the housing field with the development of homes and apartment buildings on land adjacent to several of its centers.

### ***Community Relations***

More than seven years ago, the Food Fair Stores Foundation established its scholarship program to provide deserving high school graduates in communities served by Food Fair the opportunity to pursue a higher education. These scholarships are also available to Food Fair employes and their children. The moving force behind the program is an awareness that American industry bears a respon-

sibility for the support of higher education, the source of future business leaders. In the 1961-62 academic year, the Foundation sponsored 259 scholarships at 28 colleges and universities participating in the program. As in the past, selection of scholarship recipients was left entirely in the hands of the educational institution involved.

Apart from this and other philanthropic endeavors of the Foundation, Food Fair Stores directly undertakes a number of programs which tangibly express its acceptance of community obligations in its operating areas. Little League baseball is a typical example. Seventy teams, with a total membership of about 1500 youngsters, were sponsored last summer.

Public recognition of efforts to be a good citizen as well as a good merchant is rewarding. On the occasion of the dedication of the Company's new distribution center last winter, the Pennsylvania Federation of Women's Clubs—928 clubs with a membership of some 80,000 women—paid tribute to Food Fair for the role it has played in "raising the American standard of living through its pioneering of the supermarket concept" and for its "high civic mindedness and sense of community responsibility."

## ***The Food Fair Team***

One of the major accomplishments of Food Fair Stores in its history of rapid growth over the years has been the creation of an outstanding key personnel group. By far the largest portion of those directly responsible for the Company's operations have been promoted from within the organization on the basis of ability, experience and loyalty. The present roster of key personnel numbers nearly 1200. The average age of these men and women is 42 years, their average length of service is 12½ years. More than half of them have to their credit between ten and thirty years of experience.

Rapid expansion has meant also that new operating techniques and controls have constantly been developed to facilitate communications and extend greater delegation of authority. Further steps in this direction paced the record expansion year just ended. Such technical and job effectiveness programs are being carried out on a continuing basis.

To improve still further the effectiveness of the organization, a number of new management programs were initiated at the Company's Annual Preview and Review Conference for key personnel held in April. "Teamwork for Effectiveness" was the keynote of this Conference.

One innovation was the establishment of a Teamwork Advisory Committee consisting of elected "firing line" key personnel from the Company's various zones and branches. Delegates from these area groups will review operating policies and procedures with top management.

Additional emphasis this year is being placed on the Company's "E" Award program, which gives recognition to employes for exceptional performance. This program has been highly successful and the "E" Award certificate has achieved unique acceptance as Food Fair's "Oscar."

## **Management Changes**

On August 15, 1961, following the annual meeting of shareholders, the Board of Directors elected a new Treasurer and five new Vice Presidents. The elections were in recognition of the expanding chain's increased management requirements.

Elected as Treasurer was Ben F. Lieber, who now serves both as Secretary and Treasurer.

Filling new offices as Vice President were Harold Friedland, Director of Food Fair's Southern Division; Louis Kasoff, Director of Construction and Maintenance; Harry Pripstein, Director of Sales and Merchandising; Joseph H. Rash, Director of Operations in Maryland and Virginia; and Jules S. Schwartz, Director of Industrial and Public Relations.

## **Outlook**

Eight years ago, the Food Fair management set as its goal the attainment of annual sales of \$1 billion. At that time, with annual sales well below the \$400 million level, it seemed an ambitious goal. At this writing, our \$1 billion sales objective is well within reach, and is expected to be achieved in the current fiscal year.

Management is encouraged by the Company's continuing progress and welcomes the many challenges which lie ahead. Competition is expected to be as intense as ever, and the organization is prepared to meet it effectively. Operating costs, under constant upward pressure, will call for further improvements in efficiency and control measures. Business conditions will demand the best of Food Fair's management and employees. They confidently expect to be equal to these tasks.

Notwithstanding last year's giant step into general merchandise retailing, the Company's major business will continue to be the mass distribution of food. The long-term outlook for the national economy is one of further growth. With population, family formation, and spendable income advancing to new high levels, a constant increase in the size of the retail food market, substantially beyond the current \$55 billion expenditure, is clearly to be anticipated. In planning for the future, Food Fair is setting its sights on increasing participation in this rapidly developing market potential.

In the end, it is the 28,200 men and women on the Food Fair team who make the difference. With their support and that of shareholders, the management views the challenge of the future with confidence.



## ***Annual Meeting***

The annual meeting of shareholders of Food Fair Stores, Inc. will be held on Tuesday, August 21, 1962, at 2 P.M., EDT, in the Burgundy Room of the Bellevue Stratford Hotel in Philadelphia, Pa. All those who can conveniently do so are urged to attend.

Enclosed with this report are a notice of the annual meeting, a proxy, and a proxy statement. Shareholders unable to attend the meeting are respectfully requested to date, sign and return the enclosed proxy in accordance with instructions appearing on the form. In this way, they will be represented at the meeting and their votes recorded.



*During the year, a line of Food Fair-approved vitamins was introduced throughout the chain. The line consists of the six most widely used types of vitamin formulas, including a chewable vitamin appealing to children. These vitamin products, which are of the finest quality and very attractively priced, have been well received by consumers.*



*Outstanding on-the-job effectiveness by individuals and teams is given recognition by the "E" Award program. Executive Vice President Myer B. Marcus (left) presents "E" certificate and check to Norbert Landy, produce manager in Richmond store. Participating in ceremonies at annual key personnel meeting are President Louis Stein and Gen. Omar N. Bradley, Food Fair director (right). Last year, 3000 men and women—one of every eight employees—were nominated for "E" awards.*

## ***Teamwork for Effectiveness***

Food Fair's physical expansion has been built on a foundation of thoroughly trained personnel whose further development has always been a major Company activity. Through the years, the Company has undertaken varied and intensive programs to develop the trained and knowledgeable personnel required to staff the expanding chain. These programs, include, for example, self-improvement college courses, merchandising

clinics, seminars on basic business economics, and a heavy schedule of technical classes in our own training schools. Through these means and through various achievement recognition programs, top management strives to stimulate and guide the employees' potential to achieve greatest maximum effectiveness as individuals and as members of the Food Fair Team. Emphasis on teamwork was theme of key personnel meetings.



*Presentation of pins, honoring employes on service milestones, is always a highlight of annual key management gathering. This year, 36 men, more than in any previous year, were inducted into Food Fair's 25-Year Club and presented with engraved watches and diamond-studded lapel pins. Officers participating in inductions are Mr. Stein (right), Senior Vice President Arthur Rosenberg (center), congratulating Store Manager Michael Woyden, and Mr. Marcus (left).*



Forty-four new supermarkets were placed in operation in fiscal 1961-62, the largest number to be opened in a single year. During the year, the Company also entered the field of general merchandise discount retailing with the acquisition of the Enterprise-J. M. Fields chain of discount department stores. Six new J. M. Fields units, typified in photo, were added following the acquisition, bringing the total at year-end to 39 in 10 eastern seaboard states.



## ***Expansion and Diversification***

The new distribution center in Philadelphia, which provides greater efficiency in servicing the larger number of stores in a five-state area, was dedicated to "advancing the American family's standard of living." Participating in the ceremonies were (left to right) Executive Vice President Myer B. Marcus, Board Chairman Samuel Friedland, former Mayor Richardson Dilworth, and President Louis Stein. Immense size of dock area is partially viewed in photo right. This area can accommodate 115 trailers at one time, and facilitates smooth flow of truck traffic for receiving of merchandise and trans-shipment to stores.



# Ten-Year Statistical Summary

FOOD FAIR STORES, INC. and SUBSIDIARY COMPANIES

YEAR ENDED	NUMBER OF STORES AT END OF YEAR	SALES†	NET INCOME BEFORE TAXES ON INCOME†	FEDERAL AND STATE INCOME TAXES†	NET INCOME†	CASH DIVIDENDS†	EARNINGS RETAINED†
<b>April 28, 1962</b>	<b>504‡</b>	<b>\$923,224</b>	<b>\$21,484</b>	<b>\$10,429</b>	<b>\$11,055</b>	<b>\$6,279</b>	<b>\$4,776</b>
April 29, 1961	437	840,180	23,165	11,300	11,865	5,647	6,218
April 30, 1960	404	771,172	22,521	11,126	11,395	5,528	5,867
May 2, 1959*	368	733,960	20,799	10,403	10,396	4,928	5,468
April 26, 1958	332	654,829	20,035	9,913	10,122	3,529	6,593
April 27, 1957	310	592,460	18,616	9,586	9,030	3,444	5,586
April 28, 1956	275	517,289	17,573	8,650	8,923	3,347	5,576
April 30, 1955	250	443,880	15,924	8,190	7,734	2,565	5,169
May 1, 1954*	230	376,384	13,182	7,121	6,061	2,183	3,878
April 25, 1953	194	318,081	10,626	5,813	4,813	2,118	2,695

\*53 Weeks

†000 Omitted

‡Includes 39 J. M. Fields discount department stores



*Consolidated Statement of*  
***Earnings***  
*Food Fair Stores, Inc. and Subsidiary Companies*

**For The Year (52 weeks) Ended**

	<u>April 28, 1962</u>	<u>April 29, 1961</u>
Sales .....	\$923,224,116	\$840,180,062
Cost of sales .....	<u>752,206,457</u>	<u>686,430,793</u>
Gross profit from sales .....	\$171,017,659	\$153,749,269
Operating expenses .....	<u>148,957,210</u>	<u>130,970,277</u>
Profit from operations .....	\$ 22,060,449	\$ 22,778,992
Other income .....	<u>1,491,468</u>	<u>2,291,589</u>
Profit before interest expense .....	\$ 23,551,917	\$ 25,070,581
Interest expense .....	<u>2,067,543</u>	<u>1,905,629</u>
Net income before Federal and State taxes on income ...	<u>\$ 21,484,374</u>	<u>\$ 23,164,952</u>
Federal and State taxes on income:		
Federal .....	\$ 9,751,308	\$ 10,573,529
State .....	<u>677,545</u>	<u>726,011</u>
Total Federal and State taxes on income .....	<u>\$ 10,428,853</u>	<u>\$ 11,299,540</u>
Net income .....	<u><u>\$ 11,055,521</u></u>	<u><u>\$ 11,865,412</u></u>

*Consolidated Statement of*  
**Financial Condition**

*Food Fair Stores, Inc. and Subsidiary Companies*

	<u>April 28, 1962</u>	<u>April 29, 1961</u>
<b>Current assets</b>		
Cash .....	\$ 14,749,401	\$ 19,371,686
Marketable securities, at cost .....	308,857	9,282,653
Accounts receivable .....	11,972,957	5,895,255
Inventories, at lower of cost or market .....	72,062,390	53,166,624
Prepaid expenses .....	4,088,498	2,522,604
Properties completed and under construction covered by commitments to purchase and lease back .....	1,034,086	1,468,925
	<u>\$104,216,189</u>	<u>\$ 91,707,747</u>
<b>Less: Current liabilities</b>		
Accounts payable .....	\$ 28,140,343	\$ 17,411,975
Accrued salaries and expenses .....	17,260,454	14,391,294
Federal and State income taxes payable .....	5,324,833	6,920,580
	<u>\$ 50,725,630</u>	<u>\$ 38,723,849</u>
<b>Working capital</b>	<u>\$ 53,490,559</u>	<u>\$ 52,983,898</u>
<b>Other assets</b>		
Investments, at cost:		
Capital stock, Food Fair Properties, Inc. ....	4,244,444	4,244,444
Other .....	3,813,399	2,824,650
Property, plant and equipment, at cost, less allowance for depreciation —1962, \$55,324,837; 1961, \$48,301,650 .....	78,683,530	68,793,184
Miscellaneous other assets .....	2,453,256	2,007,335
	<u>\$142,685,188</u>	<u>\$130,853,511</u>
<b>Deduct</b>		
Mortgages and notes payable, due after one year .....	\$ 5,961,722	\$ 5,037,110
Debentures payable, due after one year (Note 1) .....	41,578,600	42,219,500
Liability for redemption of trading stamps, less estimated current amount included in accrued expenses .....	1,900,000	1,700,000
Deferred Federal income taxes .....	2,683,000	1,612,000
	<u>\$ 52,123,322</u>	<u>\$ 50,568,610</u>
<b>Net assets</b>	<u>\$ 90,561,866</u>	<u>\$ 80,284,901</u>
<b>Derived from</b>		
Capital stock:		
Preferred (Note 2) .....	\$ 5,183,500	\$ 5,197,500
Common (Note 3) .....	7,002,913	5,477,974
Obligation to issue shares of common stock (Note 4) .....	1,551,000	
Capital in excess of par value .....	36,774,263	34,335,372
Retained earnings (Note 1) .....	40,050,190	35,274,055
	<u>\$ 90,561,866</u>	<u>\$ 80,284,901</u>

*Consolidated Statement of*  
***Capital in Excess of Par Value***

*Food Fair Stores, Inc. and Subsidiary Companies*

Balance—April 29, 1961 .....	\$34,335,372
<b>Additions</b>	
Excess of stated value over cost of 140 shares of cumulative preferred stock retired ..	1,596
Excess over par value of proceeds received from issuance of 123,203 shares of common stock through exercise of employees' stock options .....	2,813,157
Excess over par value of amount assigned to 2,295 shares of common stock issued pursuant to non-competition agreement .....	70,571
Excess of conversion price over par value of 1,709 shares of common stock issued for 4% convertible debentures .....	60,299
Excess of market value over par value of 27,000 shares of common stock issued in connection with property acquired (Note 4) .....	864,000
	\$38,144,995
<b>Deduction</b>	
Amount transferred to common stock account representing par value of 1,370,372 shares issued as stock distribution .....	1,370,732
<b>Balance—April 28, 1962</b> .....	<b>\$36,774,263</b>

*Consolidated Statement of*  
***Retained Earnings***

*Food Fair Stores, Inc. and Subsidiary Companies*

Balance—April 29, 1961 .....	\$35,274,055
<b>Addition</b>	
Net income for the year (52 weeks) ended April 28, 1962 .....	11,055,521
	\$46,329,576
<b>Deductions</b>	
Cash dividends:	
Preferred stock .....	\$ 218,148
Common stock .....	6,061,238
	6,279,386
<b>Balance—April 28, 1962</b> .....	<b>\$40,050,190</b>

# Notes to Financial Statements

The following notes are applicable to the Financial Statements as at April 28, 1962. Reference is made to previously issued report for the notes applicable to the statements as at April 29, 1961.

## Note 1

3% debentures, \$3,492,000, due January 1, 1965 require semi-annual sinking fund payments of \$300,000 through July 1, 1964. 3 $\frac{1}{2}$ % debentures, \$16,948,000, due September 1, 1974 require semi-annual sinking fund payments of \$300,000 through March 1, 1963, \$400,000 thereafter through March 1, 1969 and \$500,000 thereafter through March 1, 1974. The foregoing sinking fund requirements for the fiscal year ending April 27, 1963 have been anticipated.

4% debentures, \$21,138,600, due April 1, 1979, are convertible into common stock at \$32.94 per share through April 1, 1969. These debentures require semi-annual sinking fund payments beginning April 1, 1970 of 5% of the principal amount of the debentures outstanding on April 1, 1969.

The indentures covering the issuance of the debentures described above contain restrictions as to the payment of cash dividends and the redemption of shares of stock of the company. The maximum amount of retained earnings so restricted at April 28, 1962 was \$25,652,123.

## Note 2

Preferred stock is \$4.20 cumulative, \$15 par value; 142,615 shares are authorized, of which 77,615 were issued, and 51,835 are outstanding. The company is obligated to set aside \$120,000 semi-annually as a sinking fund for the redemption of the

preferred stock, which may be called for this purpose at \$100 per share plus accrued dividends.

## Note 3

Common stock is \$1 par value; 10,000,000 shares are authorized, of which 7,002,913 are issued and outstanding.

At April 28, 1962, there remained outstanding options granted to certain employees and officers to purchase 240,718 shares of common stock at prices ranging from \$19.10 to \$28.03 per share, such prices being 85% and 95% of the market price on the dates the options were granted, adjusted for subsequent stock dividends and stock distributions. The options are exercisable on a cumulative basis to November 27, 1963.

## Note 4

In August, 1961, the company acquired certain net assets of Enterprise—J. M. Fields, Inc. for \$40,000 cash and 74,000 shares of common stock, 27,000 of which were issued during the current fiscal year. The remaining 47,000 shares will be issued in two equal installments in May, 1963 and July, 1964.

## Note 5

Costs and expenses include depreciation and amortization of \$8,493,822 and \$7,943,853 for the years ended in 1962 and 1961, respectively.

## Note 6

The company rents the majority of the premises occupied. At April 28, 1962, the minimum annual rental for such premises under 512 leases expiring more than three years after that date amounted to approximately \$15,000,000 plus, in some instances, certain taxes, insurance and other expenses.

PHILADELPHIA LEWISTOWN  
NEW YORK WILKES-BARRE  
HARRISBURG

## LAVENTHOL, KREKSTEIN & CO.

*Certified Public Accountants*

1528 WALNUT STREET  
PHILADELPHIA 2, PA.

The Board of Directors  
Food Fair Stores, Inc.

We have examined the consolidated statement of financial condition of Food Fair Stores, Inc. and its wholly-owned subsidiary companies at April 28, 1962, and the related consolidated statements of earnings, capital in excess of par value and retained earnings for the year (52 weeks) then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records, and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated statement of financial condition, and consolidated statements of earnings, capital in excess of par value and retained earnings present fairly the consolidated position of the companies at April 28, 1962, and the consolidated results of their operations for the year (52 weeks) then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Philadelphia, Pa.  
June 28, 1962

*Laventhol Krekstein Co.*  
LAVENTHOL, KREKSTEIN & CO.

# 465 FOOD FAIR Supermarkets

as of April 28, 1962

## PENNSYLVANIA (97)

ABINGTON	FEASTERVILLE	PALMYRA
ALLENTOWN (4)	FLOURTOWN	PHILADELPHIA (33)
BETHLEHEM (3)	GLENSIDE	POTTSTOWN
BROOKHAVEN	HARRISBURG (5)	QUAKERTOWN
BROOMALL	HAVERTOWN	READING (4)
CAMP HILL	HORSHAM TOWNSHIP	SCRANTON (2)
CARLISLE	KING OF PRUSSIA	SHARON HILL
CHESTER (2)	KINGSTON	SHILLINGTON
COATESVILLE	LANCASTER (4)	SPRINGFIELD TWP.
COLUMBIA	LANSDALE	UPPER DARBY
DREXEL HILL	LEBANON (2)	WEST CHESTER
EASTON	LEMOYNE	WEST READING
EAST YORK	LEVITTOWN (2)	WILKES BARRE
ELKINS PARK	MIDDLETOWN	YORK (3)
EPHRATA	NORRISTOWN	

## NEW JERSEY (87)

ATLANTIC CITY	HADDON TOWNSHIP	OLD BRIDGE
BAYONNE	HALEDON	PACKANACK LAKE
BAYVILLE	HAMILTON TWP. (2)	PARAMUS
BELLEVILLE	HIGHLAND PARK	PATERSON (2)
BERGENFIELD	IRVINGTON	PENNS GROVE
BOUND BROOK	JERSEY CITY (3)	PHILLIPSBURG
BRIDGETON	LAWRENCE TOWNSHIP	PLEASANTVILLE
BROWNTOWN	LEDGEWOOD	POINT PLEASANT
CAMDEN (3)	LEVITTOWN	ROSELLE
CLIFTON (2)	LIVINGSTON	RIDGEWOOD
COLONIA	LODI	RUNNEMEDE
COLUMBUS	MADISON TOWNSHIP	SALEM
DOVER	MARGATE	SO. PLAINFIELD
EATONTOWN	MERCHANTVILLE	STRATFORD
ELIZABETH (3)	MIDDLETOWN	TEANECK (2)
EMERSON	MILLVILLE	TOMS RIVER
ENGLEWOOD	MONTCLAIR	TRENTON (3)
ERLTON	MORRISTOWN	UNION
EWING TOWNSHIP	NEPTUNE CITY	VERONA
FAIR LAWN	NEWARK (5)	VINELAND (2)
FRANKLIN PARK	NEW BRUNSWICK	WEST NEW YORK
GLASSBORO	NORTH ARLINGTON	WESTVILLE
FORT LEE	NORTH BERGEN	
HACKENSACK	NUTLEY	

## FLORIDA (137)

AVON PARK	HOLLY HILL	ORLANDO (3)
BRADENTON	HOLLYWOOD (4)	PALATKA
CLEARWATER (2)	HOMESTEAD	POMPANO BEACH (2)
CORAL GABLES (4)	JACKSONVILLE (18)	RIVIERA BEACH
CRESCENT CITY	KEY WEST	ST. AUGUSTINE
CUTLER RIDGE	LAKE CITY	ST. PETERSBURG (5)
DANIA	LAKE WORTH (2)	SANFORD
DAYTONA BEACH (4)	LANTANA	SARASOTA (2)
DE LAND (2)	LARGO	SO. MIAMI HEIGHTS
DELRAY BEACH	LIVE OAK	STARKE
EAU GALLIE	MADISON	SURFSIDE
FERNANDINA BEACH	MARATHON	TALLAHASSEE
FORT LAUDERDALE (7)	MIAMI (28)	TAMPA (5)
FORT MYERS	MIAMI BEACH (6)	WEST HOLLYWOOD
FORT PIERCE	MOUNT DORA	W. PALM BEACH (2)
GAINESVILLE (2)	MIAMI SPRINGS	WILTON MANORS
GREEN COVE SPRINGS	N. PALM BEACH	WINTER PARK
HIALEAH (4)	OCALA	

## MARYLAND (48)

BALTIMORE (24)	EASTON	PIKESVILLE
BALTIMORE COUNTY (3)	ESSEX	REISTERSTOWN
BOWIE	FREDERICK	RIVERDALE
BROOKLYN PARK (2)	GLEN BURNIE (2)	SEVERNA PARK
CATONSVILLE	HAGERSTOWN	TOWSON (2)
COLLEGE PARK	LAUREL	WHEATON
DUNDALK	LUTHERVILLE	

## GEORGIA (6)

BRUNSWICK (2)	SAVANNAH	WAYCROSS
JESUP	VALDOSTA	

## RHODE ISLAND (1)

WESTERLY

# 39 J. M. FIELDS Discount Dept. Stores

## MASSACHUSETTS (12)

FALL RIVER	LOWELL	SALEM
HAVERTHILL	MEDFORD	SPRINGFIELD
HOLYOKE	NATICK	SWAMPSCOTT
LAWRENCE	NEW BEDFORD	WORCESTER

## NEW HAMPSHIRE (2)

MANCHESTER	NASHUA
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## NEW YORK (8)

AMSTERDAM	NEW ROCHELLE	SYRACUSE
ELMIRA	ROCHESTER	TROY
JAMESTOWN	SCHENECTADY	

## FLORIDA (7)

DAYTONA	MIAMI	TAMPA
LARGO	ORLANDO	WEST PALM BEACH
	ST. PETERSBURG	

## CONNECTICUT (3)

BRANFORD	EAST HARTFORD	NEW BRITAIN
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## VIRGINIA (2)

HAMPTON	PETERSBURG
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## NEW JERSEY (1)

JERSEY CITY

## SOUTH CAROLINA (2)

ANDERSON	SPARTANBURG
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## NORTH CAROLINA (1)

WILMINGTON

## GEORGIA (1)

AUGUSTA

## NEW YORK (48)

ASTORIA	FRANKLIN SQUARE	MENANDS
BALDWIN	FREEPORT	NEW HYDE PARK (2)
BAY SHORE	FRESH MEADOWS (2)	NEW YORK (4)
BAYSIDE	GREAT NECK	NORTH BABYLON
BETHPAGE	HICKSVILLE	OCEANSIDE
BROOKLYN (5)	HUNTINGTON	PEARL RIVER
CASTLE HILL	JACKSON HEIGHTS (2)	PEEKSKILL
EAST MEADOW	JAMAICA (2)	PLAINVIEW
ELMONT	KINGSTON	QUEENS VILLAGE
FAR ROCKAWAY	LEVITTOWN	STATEN ISLAND
FLORAL PARK	LYNBROOK	WHITESTONE
FLUSHING	MANHASSET	
FOREST HILLS	MASSAPEQUA	

## DELAWARE (9)

BROOKSIDE	DOVER	WILMINGTON (3)
CLAYMONT	NEW CASTLE	WILMINGTON MANOR
	RICHARDSON PARK	

## CONNECTICUT (17)

BRIDGEPORT	MIDDLETOWN	STRATFORD
COLCHESTER	NEW LONDON	WALLINGFORD
DANBURY	NEW HAVEN	W. HARTFORD
FAIRFIELD	NORWALK (2)	WESTPORT
GROTON	STAMFORD (3)	

## VIRGINIA (15)

ARLINGTON (2)	HAMPTON (2)	PETERSBURG
ALEXANDRIA	HOPEWELL	RICHMOND (3)
FALLS CHURCH	NORFOLK (3)	WINCHESTER



# Officers and Directors

## OFFICERS

Samuel Friedland .....Chairman of the Board  
 Louis Stein .....President  
 Myer B. Marcus .....Executive Vice President  
 Arthur Rosenberg .....Senior Vice President  
 Herman R. Silver .....Vice President  
 Jack M. Friedland .....Vice President  
 David T. Friedland .....Vice President  
 Arnold D. Cohen .....Vice President  
 Samuel P. Mandell .....Vice President  
 Harold Friedland .....Vice President  
 Louis Kasoff .....Vice President  
 Harry Pripstein .....Vice President  
 Joseph H. Rash .....Vice President  
 Jules S. Schwartz .....Vice President  
 B. F. Lieber .....Secretary and Treasurer  
 Samuel Forman .....Assistant Secretary  
 Howard S. Jacobsen .....Assistant Secretary

## DIRECTORS

D. Frederick Barton .....New York, N.Y.  
 Gen. Omar N. Bradley .....Washington, D.C.  
 George Friedland .....Philadelphia, Pa.  
 Jack M. Friedland .....Philadelphia, Pa.  
 Samuel Friedland .....Hollywood, Fla.  
 Hess Kline .....Philadelphia, Pa.  
 Samuel P. Mandell .....Philadelphia, Pa.  
 Myer B. Marcus .....Philadelphia, Pa.  
 Arthur Rosenberg .....Philadelphia, Pa.  
 Harold W. Scott .....Philadelphia, Pa.  
 Herman R. Silver .....Philadelphia, Pa.  
 Louis Stein .....Atlantic City, N.J.  
 W. Paul Stillman .....Newark, N.J.

**EXECUTIVE OFFICES** 2223 East Allegheny Avenue, Philadelphia 34, Pennsylvania

**GENERAL COUNSEL** Kripke & Feldman, New York, N.Y.

**TRANSFER AGENT**  
 Registrar & Transfer Company  
 50 Church Street, New York, N.Y.

**REGISTRAR**  
 Chase Manhattan Bank  
 New York, N.Y.

**CERTIFIED PUBLIC ACCOUNTANTS**  
 Laventhol, Krekstein & Co.  
 Philadelphia, Pa.

*Food Fair Stores, Inc. preferred stock and common stock are fully listed on the New York, Pacific Coast, and Philadelphia-Baltimore Stock Exchanges.*





# FOOD FAIR STORES, INC.

Philadelphia 34, Pennsylvania